

Presented pursuant to section 25(6) and (7) of the Government Resources and Accounts Act 2000, and section 3(3) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003

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# Royal Naval Museum Report and Account 2007-2008

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# Royal Naval Museum Report and Account 2007-2008

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 21 JULY 2008

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## Reference and administrative details

### **Address of the charity**

Royal Naval Museum  
HM Naval Base (PP66)  
Portsmouth  
Hampshire  
PO1 3NH  
Charity number        266563

### **Accountants**

Compass Accountants Limited  
Venture House  
The Tanneries  
East Street  
Titchfield  
Hampshire  
PO14 4AR

### **Auditors**

Comptroller & Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

### **Bankers**

National Westminster Plc  
130 Commercial Road  
Portsmouth  
Hampshire  
PO1 1ES

### **Investment Portfolio**

Brown Shipley & Co Ltd  
Founders Court  
Lothbury  
London EC2R 7HE

### **Solicitors**

Blake Lapthorn Tarlo Lyons  
Harbour Court  
Compass Road  
North Harbour  
Portsmouth PO6 4ST

## Trustees' Report

A Board of Trustees under the chairmanship of Admiral Sir Peter Abbott GBE KCB governs the Royal Naval Museum. The Museum is a registered charity within the meaning of the Charities Act 2006, which places on Trustees the responsibility for the effective and economical management of the Trust and the stewardship and care of the collections.

Trustees are appointed to the Board in strict accordance with the guidance laid down by the Office of the Commissioner for Public Appointments. This procedure includes the obtaining of nominations from a variety of sources, including advertising and liaison with the Public Appointments Unit, the vetting of nominations by a panel normally comprising the Chairman of Trustees, a senior civil servant from the sponsoring Department (MoD) and an independent member. A panel of the Trustee body normally interviews prospective Trustees. The sponsor branch for the Naval Museums, CNS-Heritage is closely involved in all stages of the selection process. Other than those appointed as ex-officio members of the Board, Trustees are normally appointed for a period of five years. Trustees, at the discretion of the Board, and in consultation with the MoD sponsor, however may be reappointed for a second and final five year term.

The following people served as the Museum's Trustees during 2007-2008

### *Chairman*

Admiral Sir Peter Abbott GBE KCB

### *Ex-officio Trustees*

Naval Secretary  
Rear Admiral Charles Montgomery  
Naval Base Commander  
Commodore D Steele RN

### *Representative Trustees*

The Society for Nautical Research  
Professor R Harding  
City Council of Portsmouth  
Vacant  
National Maritime Museum  
Dr J Owen/Dr Robert Blyth  
Society of Friends of the Royal Naval Museum  
Rear Admiral R Irwin CB

### *Other Trustees*

Captain W Alexander RN  
Mr R L Dean  
Brigadier S P Hill OBE  
Captain P G Hore RN  
Mr B Miller  
Commodore T Morton RN  
Mr Clive Richards OBE  
Mrs J B Royle  
Mr C M Wilson  
Mr M Gambazzi  
Miss K Hardman  
Mr K Robinson  
Ms A Dixon

*Director and Accounting Officer* Dr C S White

## Structure, governance and management

### History

The consolidated accounts for the Royal Naval Museum, Portsmouth are presented for the financial year ended 31 March 2008. The Group comprises the main charity and its subsidiary undertakings, the Royal Naval Museum Trading Company Limited and RNM Functions Limited. These accounts, which also incorporate the results of the Museum's interest in Flagship Portsmouth Trust, the site services management company for the Historic Dockyard, are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales and the Statement of Recommended Practice: Accounting for Charities issued in 2005.

The Royal Naval Museum, Portsmouth is a charity registered with the Charity Commission (reference no. 266563). The governing document of the body is the Trust Deed of 4 October 1973 as varied by schemes of the Commissioners of 8 December 1987 and 4 July 1996, varied by order of 31 July 2002, by resolutions 18 October 2002, 23 March 2004, 2 July 2004 and 17 July 2006; the Museum's Trustees are incorporated as a body.

The Royal Naval Museum Portsmouth has its origins in the Dockyard Museum founded in 1911, which was later subsumed within the Victory Museum when that opened in 1938 under the auspices of the Society for Nautical Research. In 1972, on the occasion of the gift of a collection of Nelson memorabilia to the Royal Navy, for display on the ground floor of No. 11 Storehouse, one of three distinguished Georgian structures built between 1760 and 1790, the collections came under the administrative ownership of the Ministry of Defence (Navy) and the new establishment became known as the Portsmouth Royal Naval Museum. Between 1972 and 1985, the Portsmouth Royal Naval Museum was an integral part of the Ministry of Defence (MoD), and the small number of permanent staff were employed under terms of engagement identical to those of civil servants employed elsewhere in the Dockyard. In 1985, under the terms of the National Heritage Act 1983, the Museum was devolved from the MoD to become an Executive Non-Departmental Public Body, supported by a Grant in Aid, originally calculated to reflect the level of financial support and general assistance formerly provided by the Department. At this juncture, the name was changed again to become the Royal Naval Museum, Portsmouth.

### Organisational structure

The Board of Trustees, which meets at least three times a year, governs the Museum. There are three Trustee working parties in existence – Curatorial, Development and Finance and Personnel which, as their titles suggest, have certain key areas of responsibility devolved to them. These bodies usually meet in advance of Trustee meetings and will report to the full board with specific proposals for endorsement.

Day to day management of the Museum is headed by the Director (Chief Executive) supported by the Senior Management Group (Head of Internal Resources, Head of External Affairs, Head of Curatorial Department and Head of Gallery Operations and Functions) who meet formally fortnightly and informally as required. The senior managers and heads of department meet monthly to exchange information and plan future developments.

Trustees are responsible for a wide body of matters such as: endorsing the annual budgets, agreeing the annual accounts, endorsing the variety of Museum policies such as the access, learning and collecting policies, the disaster plan and the H & S policy, endorsing the long-term development plans for the Museum. They also set the policy for the museum's relationships with external bodies such as the other three naval museums, Portsmouth Historic Dockyard Limited and the embryonic National Museum of the Royal Navy.

Once Trustees have reached a decision on such issues, management is then delegated to the Museum staff who will act on these instructions and will report regularly back to Trustees on developments – if a significant change is required to what Trustees have agreed these will be returned to the full board for further discussion and endorsement.

**Trustee induction and training procedures**

Following a wide-ranging strategic review, an induction process for new Trustees has recently been introduced. New Trustees receive background reading material including items such as the Five Year Plan and copies of minutes of recent meetings. They also attend at least two sessions at the Museum designed to familiarise them with the key staff members, the collections and the exhibitions. The opportunity is also taken to discuss with them some of the key day-to-day issues the staff are currently facing, especially in the fields of finance and development.

**Related parties**

The related parties of the Royal Naval Museum are disclosed in notes 4 and 25 to the accounts.

**Objectives and activities**

Following a recent strategic review, involving Trustees and all staff, the Museum's Mission was redefined succinctly as: *To make accessible to all the story of the Royal Navy and its people from earliest times to the present.*

In pursuit of this Mission, the Aims of the Museum are to provide an effective and accessible repository both now and in the future for the heritage of the Royal Navy and to raise public awareness of the history of the Service, whilst encouraging scholarship and research into naval history. These aims have been defined as relating primarily to the surface ships and personnel of the Royal Navy, although the Museum also provides overall coverage of the Navy's story – and works closely with the three 'branch' naval museums to promote a unified approach to naval history. So, for example, in 2007-2008, the four naval museums collaborated in a major joint special exhibition to commemorate the 25th anniversary of the Falklands war (see 'Exhibitions' below) and they also worked closely together on the *Sea Your History Project*.

In July 2007, the Trustees and staff together formulated and agreed a Five Year Plan for the Museum, which outlines in detail the activities that will be undertaken in order to achieve these aims. This plan will be reviewed and updated annually.

**Achievement and performance****Visitors**

The Royal Naval Museum's visitor numbers have always been difficult to calculate accurately because the Museum is housed in three buildings, each with separate entrances and exits, and so not all customers visit every part of the Museum. In order to obtain a firmer basis for calculating total numbers of visitors, a detailed survey was undertaken in 2007-2008, with the help of volunteers, including a professional statistician. This process has established that the total number of visitors to the Museum in 2007-2008 was around 185,000, including schools groups and attendees at special events. This figure will be used as the baseline for calculating performance in the future.

**Exhibitions**

In 2007-2008 the Museum opened two new special exhibitions planned to coincide with national anniversaries, which have offered visitors an in-depth look at two subjects not covered in detail in the permanent exhibition galleries. Both were made possible by fundraising – the sums raised enabled the Museum for the first time in recent years to appoint professional exhibition designers.

Additionally, for the first time, both exhibitions were prepared in line with specially-formulated audience development plans and the marketing of each exhibition was targeted accordingly. As a result, both exhibitions were successful in attracting new audiences. Both, too, were fully evaluated and the lessons learned were incorporated into the Museum's planning for its next major development, *The Centenary Project* (see below).



*'Chasing Freedom: the Navy and the Suppression of the Transatlantic Slave Trade'*

Opened to the public 27 January 2007.

This exhibition marked the bicentenary of the abolition of the slave trade and the Navy's contribution to subsequent suppression. A full supporting programme of events and activities ran throughout 2007 funded by Heritage Lottery Fund.

Total budget: £84,000 of which £44,000 on the exhibition; £40,000 on events.

This exhibition was so successful – especially with school parties – that its 'run' was extended until the end of April. By end March 2007, it had been visited by over 130,000 people,

*'Task Force South: the Royal Navy and the Falklands War'*

Opened to the public 31 March 2007.

This exhibition marked the 25th anniversary of the Falklands War. Prepared in partnership with the other naval museums, it was branded as the first exhibition of the National Museum of the Royal Navy. It was prepared with the active involvement of veterans, who also contributed to the in-galley interpretation by giving talks and demonstrations. By the time the exhibition closed, at end February 2008, it had been visited by just over 70,000 people – a 15 per cent increase on the attendance for the previous special exhibition in the same space. Budget: £55,000

## **Curatorial**

In addition to this significant exhibition work the Museum acquired 144 separate accessions in this financial year, by gift and by purchase. As usual these included a wide range of artefacts, works of art, photographs and manuscripts – and this year the Museum began deliberately to target material relating to the C20th Royal Navy, in preparation for its planned new C20th galleries. The most significant purchases were an honours board from HMS *Intrepid* and a bridge badge from HMS *Fearless* (both veterans of the Falklands War) and a rare DSC awarded to Lieutenant T. Jones, for service on board the monitor M33 in Russia in 1919. Significant gifts included the deck watch from the tanker Ohio, the key player in 'Operation Pedestal' (1941) and papers and memorabilia relating to Samuel Chidwick and his service in the East Africa anti-slavery squadron (This last was as a direct result of the publicity for the Chasing Freedom exhibition). The expansion of the Museum's oral history collection continued, with new recordings covering various aspects of service at sea since 1939. This collection is now one of the most important archives of oral naval history in the country.

The RNM's website continues to show intensive use and this year the content has been considerably enhanced by the addition of new historical data, including material directly supporting the new exhibitions. For the first time this year, the statistics were collected by Google Analytics, which will give a recognised and firm base for judging future performance. The key figures for 2007-2008 were: 711,452 page views and 3.72 pages per visits.

Throughout 2007-2008 more collection catalogues have been prepared for electronic access and it is expected that some of them will be ready for uploading onto the website in 2008-2009. Use of the Manuscripts catalogue, which was uploaded last year, has intensified and, as a result, a number of new researchers have visited the Museum to view items from the collection.

Those researchers are using The Admiralty Library, alongside the Museum, which the RNM continues to manage on behalf of the Naval Historical Branch and which maintains a steady flow of visitors. Email enquiries continue to grow in volume, especially with the recent improvements to the website.

## **Volunteers**

In 2007-2008, the Royal Naval Museum established a Volunteers Scheme, in collaboration with the Museum's Society of Friends. Potential volunteers were invited to sign up for two levels of commitment: (1) assisting the curators and other staff with specific tasks, usually on a one-day-a-week basis and (2) registering to help out as required with Museum events. A Volunteers Coordinator has been appointed to recruit people and to allocate tasks. The scheme has proved very popular and there are now 53 volunteers involved: a third of whom are carrying out a specific task; a third helping generally with events and a third helping to maintain and run the Museum's historic steam pinnacle.

## Learning and audience development

The Royal Naval Museum's Learning Programmes have continued to gain momentum in 2007-2008, assisted by the opening of a dedicated space for Learning activities in one wing of the Museum's Victory Gallery. This area is only temporarily equipped at the moment and plans are being developed to develop it into a full-scale Learning Centre in 2008-2009.

With 13 workshops available, and with a part-time Learning Assistant in post from autumn 2007, the Museum delivered 203 taught sessions, compared with 40 in 2006-2007. This brings the total of pupils participating in a taught RNM sessions since the Learning department was established in October 2005 to over 9,000.

Events for schools and pre-school groups have also met with success. These include *African Legacy Week*, funded by the HLF as part of the Chasing Freedom project. This week long event in July attracted 863 pupils from across the South East and London.

The second *Sea your World* Early Years Week took place in March 2008 and was once more sold out with over 250 pre-school participants. Between June and September 2007 the Learning department also ran the *Sea with your own eyes* project with Mayfield Secondary School as part of the *Sea your History* programme.

Links with universities and colleges continue to grow. The Learning Manager now delivers sessions to Portsmouth University (Initial Teacher Training and PGCE depts), Southampton University (Museum Studies course) and Chichester University (MA in Tourism Interpretation course as well as Initial Teacher Training and PGCE departments). The *Chasing Freedom* exhibition has led to further links with six universities and a total of nine researchers have worked with the Learning Department (the Learning Manager is also the Chasing Freedom Project Manager). Additionally, the Director was this year appointed Visiting Professor of Maritime History at Portsmouth University and will be giving occasional lectures to history students in future. His inaugural lecture, delivered at the University on 30 January 2008, was attended by a large audience of academics and civic dignitaries.

The Informal Learning Programme has also built on last year's successes and since its establishment in 2005 more than 10,000 people have now taken part in activities.

The Holiday Activities Programme, run in conjunction with HMS Victory, now attracts approximately 1,000 visitors a year. The Department continues to deliver the Children's University *Shipmates* out-of-school activity, and in September launched the *Portsmouth Historic Dockyard Family Backpacks* funded by Hampshire & Isle of Wight Development Fund. These are available free of charge to families visiting the dockyard and aim to promote access amongst local community.

Activities for adult and community learners include a second Chasing Freedom Community event, which attracted over 400 people in one afternoon, *Veterans Day* with over 200 participants and another successful *Heritage Open Days* weekend.

In other areas the Learning Manager has written the Museum's new Learning Policy 2008 to 2011, accompanying Action Plan and a Child Protection Policy. Work was also carried out to identify target audiences including commissioning a Perception Survey and leading Focus Group meetings. The results were incorporated into the Audience Development Plan prepared to support the Museum's Centenary Project (see below).

## Conferences and lectures

In 2007-2008 the Museum ran a series of major conferences in support of its exhibitions and other initiatives. These included, *Falklands 25 – The Naval Experience*, featuring veterans of the Falklands War; *the Chasing Freedom Conference* involving leading academics in the field of slavery studies and *The Nelson Legacy Conference*, which set the agenda for Nelson studies post 2005.

Key lectures were given at the Museum by leading naval scholars – in particular the US historian, Rear Admiral Joe Callo, on John Paul Jones and Professor Eric Grove of Salford University, on the Royal Navy in the Twentieth Century.

The Director continued to give lectures on naval history (and especially on Nelson) all over the country and overseas, including key naval audiences, such as at HMS *Raleigh* and Britannia Royal Naval College. Additionally, the Learning Manager and the Director, between them, delivered 12 lectures based on *Chasing Freedom* to various local and national audiences, including the Herschel Museum, Bath, Christ Church Oxford, the African Women's Forum and the Foreign and Commonwealth Office Slavery Conference.

### **Sea your history**

During 2007-2008, the Museum's pioneering *Sea your history* project, begun in 2005, continued to develop and is now in its final stages. Financed by the Heritage Lottery Fund, and carried out together with the other three naval museums, this has proved a most useful partnership exercise, demonstrating the richness and depth of the national naval collection.

The last two sections of the website – 'Conflict and Change' and 'The Navy Home and Abroad' went live in 2007-2008 and the whole site is now being revised and edited. Some 13,000 digital images, with related research, have now been placed online, together with some 40 oral history interviews (both aural and written versions). Two further oral history sections will be added in summer 2008-2009.

The final stage of the project will be the creation of an exhibition at the Royal Naval Museum, based on the website and featuring key artefacts and images from the site: *Sea Your History – The C20th Royal Navy*. This will open to the public in April 2008.

### **The Centenary Project**

The long-awaited second phase of the Royal Naval Museum's Development Plan got under way in 2007-2008, with the preparation of a detailed, and carefully costed, bid to the Heritage Lottery Fund, submitted in March 2008. The project involves the restoration of a Georgian storehouse adjacent to the Museum's main building and the creation therein of a major new wing containing two galleries devoted to the story of the Royal Navy and its people in the Twentieth Century.

Some 500 square metres of new display space will be created and visitor flow through the rest of the Museum greatly improved. The total cost of the project is £6.2 million and the bid to the HLF is for £4.2m, leaving the Museum to raise £2m. An extensive assessment of running costs and likely revenue returns from the new spaces has established that the project is viable. The work is expected to complete in the summer of 2011, which is the 100th anniversary of the founding of the Museum; and so the project has been called, *The Centenary Project*.

### **Social, Community and Environmental Issues**

The Museum actively engages with the community it serves. As shown above, its Learning Programme and Community Days have brought increasing numbers of schoolchildren and families through its doors, including specially-sponsored visits by schools from deprived areas. The *Chasing Freedom* exhibition, and its related events, has drawn in – for the first time in the Museum's history – members of the local African community, some of whom actively contributed to the formation of the displays. And the *Sea Your History* project has, on the one hand, given the Museum a world-wide reach through the Internet, while closer to home it has engaged with local children who have helped to create parts of the website, and community groups who have contributed to the research supporting the images on the website.

The Museum actively promotes environmental awareness amongst its staff – in particular through paper recycling and the installation of energy efficient lighting in all new office spaces and stores. A number of staff cycle to work and a bike shed has been provided for their use.

### **Risks and Uncertainties facing the Royal Naval Museum**

The Museum faces the usual natural risks to its staff, customers, collections and premises from fire, storm and flood. The risk of fire is met with a modern alarm system, which is tested weekly and with regular drills – while risks to the collection are covered by a comprehensive Disaster Plan.

Security of the buildings and collections, while still a risk, is lessened by the fact that the Museum lies within the Portsmouth Naval Base, which is secured at night. This is backed up by a night-time alarm system in all the Museum buildings. By day, the public areas are patrolled by the Museum's gallery assistants and covered with a CCTV system connected to a central control room, with video recording facility, which is manned at all times during working hours. Staff are regularly trained and particular care has been taken recently to alert them to the possibilities of terrorist attack. Random bag searches are carried out at the entrance to the Historic Dockyard in normal circumstances and bag searches of all customers are introduced when the Naval Base's security state is increased.

Apart from these risks, the Museum's main uncertainties relate to its financial position. First, its annual Grant in Aid is dependent on the ability and willingness of the Royal Navy to find the money to fund the Museum's activities. This risk is met by maintaining close links with the RN (for example, by having two serving officers on its Board of Trustees) and by constantly highlighting the ways in which the Museum supports the Navy's work and by demonstrating value for money. Second, the Museum's position within the Portsmouth Historic Dockyard site means that a significant proportion of its income is dependent on visitor numbers to the site. To help control this risk, the Museum Director sits on the Board of Portsmouth Historic Dockyard Ltd, which controls the marketing of the site and ticket sales, and so is able to ensure that the site's planning is prudent and its expenditure well-controlled. In 2007-2008, members of the Museum's Senior Management Group started to attend newly-established sub committees dealing with key aspects of the Dockyard's work and this welcome development has further enhanced the Museum's influence over the conduct of business.

## Financial review

### Results for the Year Ended 31 March 2008

Total incoming resources for the Group in 2007-2008 amounted to £1,900,420 (2006-2007 £2,141,127). Total resources expended amounted to £2,211,971 (2006-2007 £2,064,528). After adjustment for notional charges and other recognised gains and losses totalling £631,037 (2006-2007 £119,918), the net movement in funds for the year was an increase of £319,486 (2006-2007 increased £196,517).

The Group's net assets as at 31 March 2008 amounted to £4,649,694 (31 March 2007 £4,330,208).

### Changes in fixed assets

Movements in fixed assets are shown in note 12 to the accounts.

### Policy on reserves

The Trustees continually monitor the levels of the Charity's reserves, defined for the purposes of this policy as the amounts shown as 'Investments' and 'Net Current Assets' in the accounts of the Charity, and which are attributable to Unrestricted Funds. As at 31 March 2008, the level of the Museum's reserves stood at £390,635 (31 March 2007 354,254).

The Museum needs to retain a viable reserve in order to

- cover liabilities;
- cover annual deficits;
- provide income; and
- fund development or fund capital development or facilitate initial capital development.

Trustees have considered the matter and have decided not to set a minimum figure for the reserve because of the continually changing circumstances of the Charity. This decision is reviewed at least annually.

### **Investment policy**

Brown Shipley, reporting to the Finance and Personnel Working Party of the Board of Trustees on a non-discretionary basis, manages the investment fund. Subject to their advice, the Museum adopts a low risk attitude and its funds are placed in investments which yield both a degree of security and a modest stream of income (for example government stocks, bank deposits and first class corporate bonds).

The amount and term of the investment of the reserves are based on the Trustees' opinion of the immediate and future needs of the Museum by identifying the requirements for continuing operations and setting aside sufficient funds to enable medium and long-term development and expansion.

As set out in the previous paragraph, the Museum's primary objective for the performance of its investment portfolio is to provide a low risk depository, generating a relatively secure and modest income stream. During the year the Museum received £8,975 in Investment income. The value of the portfolio increased by £5,983 to £155,212.

### **Payment of creditors**

The Museum adheres to the government-wide standard on the payment of creditors by aiming to settle all undisputed bills within 30 days of receipt or in accordance with the supplier's terms of business. The Museum's actual payment performance during 2007-2008 was that these criteria were met in 98.4 per cent of all bills paid (2006-2007 97.3 per cent).

### **Policy on the Employment of Disabled Persons**

The Museum is committed to managing staff solely on the basis of actual performance in the job, and considering new applicants solely on the basis of ability to do the job. The Museum follows MoD and civil service guidelines on such practices and, in particular, has taken the contents of the MOD Civilian Equal Opportunities Policy Statement with reference to the Equality and Diversity Policy Declaration as its Equal Opportunities Policy.

### **Consultation with Employees**

Senior management communicate with staff through informal twice-weekly staff briefings, as well as through regular departmental meetings, informal meetings and internal memoranda. The Director also holds a regular 'Director's Forum' at which he briefs all staff on a wide range of matters affecting the Museum and answers questions from them.

### **Post balance sheet events**

There have been no post balance sheet events up to and including the date of signature of these accounts, which might affect the reader's understanding of the financial statements.

### **Auditors**

The accounts are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Museum's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

### **Plans for future periods**

In 2008-2009, the Museum will continue detailed planning work for *The Centenary Project* – especially if it is awarded a Stage One grant by the HLF in September 2008.

The Museum will also complete the *Sea Your History* project by finishing the website and creating a special showcase exhibition.

Additionally, the Museum will continue, in collaboration with its fellow naval museums, to play a key role in the emerging plans for a National Museum of the Royal Navy.

The Museum will also continue to organise programmes of events and learning initiatives designed to attract learners of all ages, backgrounds and abilities into the Museum and, in particular, will seek to complete the fitting out of its Learning Centre and to establish a full-time Learning Assistant post.

The Museum will also develop its online facilities: gradually, by stages, making the entire collection available through electronic cataloguing and also offering 'virtual' displays, linked to its special and permanent displays, thus making them accessible to a wider audience.

*Admiral Sir Peter Abbott GBE KCB*  
On behalf of the Board of Trustees  
11 July 2008

*Dr Colin White*  
Accounting Officer  
11 July 2008

# Remuneration Report

## Remuneration policy

The Director of the Royal Naval Museum is an employee of the Board of Trustees. Although the Museum has been awarded local pay bargaining status, the establishment of the necessary structures was still under way in F/Y 2007-2008 and so Trustees decided to mirror the 2007-2008 MOD pay award.

## Salary and pension entitlements

Dr C S White, was appointed Director of the Royal Naval Museum on 26 June 2006; he has been employed by the Royal Naval Museum in other roles since September 1975. Trustees decided not to make this appointment subject to a fixed-term: Standard age for retirement from the Museum remains at 65 although requests can be made to work beyond this point, each request being considered on a case by case basis. As a member of the Principal Civil Service Pension Scheme, Dr White would be entitled to standard Civil Service severance packages if Trustees terminated his contract prematurely. Dr White had a basic salary during the year ended 31 March 2008 of £63,165 per annum (2006-2007 £56,977). The director is aged 56, his pension (net of inflation) increased by £2,558 in the year, with his total accrued pension now being £26,055 as an ordinary member of the Principal Civil Service Pension Scheme.

'Salary' includes gross salary, performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

The Director's CETV as at 31 March 2008 was £587,000.

The Director did not receive any Benefits in Kind.

For 2007-2008, for the Museum as a whole, employer's contributions of £35,812 were payable (2006-2007 £40,001) at rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2006-2007. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the schemes.

## Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefits scheme; either a 'final salary' schemes (classic, premium, or classic plus) or a 'whole career' scheme (nuvos). Classic, premium and classic plus are now closed to new members. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under nuvos, classic, premium, and classic plus are increased annually in line with changes in the Retail Price Index (RPI). Recent entrant to premium (after 1 October 2002) and nuvos (from 30 July 2007) may chose between membership of the scheme or joining a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account). The accrued pensions quoted above are the pensions the members are entitled to receive when they reach 60 (nuvos 65), or immediately on ceasing to be an active member of the scheme if they are already 60 (nuvos 65).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable earnings for each year of service; in addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service; unlike classic, there is no automatic lump sum.



Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in Premium. In nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

The real increase in CETV is effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Due to certain factors being incorrect in last years CETV calculator there may be a slight difference between the final period CETV for 2006-2007 and the start of period CETV 2007-2008.

*Admiral Sir Peter Abbott GBE KCB*  
On behalf of the Board of Trustees  
11 July 2008

*Dr Colin White*  
Accounting Officer  
11 July 2008



## Statement of Board of Trustees' and Director's responsibilities

Under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales, the Board of Trustees is required to prepare financial statements for each financial year which give a true and fair view of the Royal Naval Museum's financial activities and of its financial position at the end of the year.

In preparing financial statements giving a true and fair view, the Board of Trustees is required to

- observe any accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

Under law applicable to charities in England and Wales, the Board of Trustees is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Charity and which enable the Board to ensure that the financial statements comply with applicable law. The Board is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Secretary of State has appointed me, the senior full time official, the Director, as the Accounting Officer for the Royal Naval Museum. My relevant responsibilities as Accounting Officer, including my responsibility for the propriety and regularity of expenditure from Grant-in-Aid provided by Parliament and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in 'Government Accounting'.

## Statement on Internal Control

### Scope of responsibility

I, as Accounting Officer, have responsibility for maintaining a sound system of internal control that supports the achievement of the Royal Naval Museum's policies, aims and objectives set by the Board of Trustees, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting, and for ensuring compliance with the requirements of the Royal Naval Museum's Financial Memorandum.

I, as Chairman of the Trustees, on behalf of the Board of Trustees of the Royal Naval Museum, am responsible for confirming that a sound system of internal control is maintained within the Museum and that the major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Naval Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Naval Museum for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

A comprehensive Risk Register is in use, which identifies the risks relevant to the successful continuation of the Museum's current operations and its future development. Risk Management is now incorporated into the Museum's corporate planning, with the risk of failure and severity of the failure being applied to key activities.

### The risk and control framework

The management of risk is exercised through the Museum's Senior Management Group who review on a regular basis the Museum's principal activities and events, with associated risks. The Board of Trustees receiving periodic reports on the principal risks and the steps being taken to manage them effectively.

We have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the internal audit function (described below), and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Defence Internal Audit undertook the Internal Audit in the current financial year.

## Review of effectiveness

The review of the effectiveness of the system of internal controls is exercised through the Finance and Personnel Working Party (Audit Committee) of the Board of Trustees. This sub-group, which tends to meet quarterly, is chaired by the Deputy Chairman of the Board of Trustees and membership includes an additional four of the Museum's Trustees, with Museum officers in attendance, as required. The working party reports directly to the Board of Trustees. This working party has visibility across the whole sphere of Museum internal management and is well placed to assess the effectiveness of internal controls and management of risk. Staff have been made aware of the existence of the Risk Register; this has been reviewed periodically by the Finance and Personnel Working Party who are content that it remains up to date and relevant.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the Royal Naval Museum's system of internal control in accordance with Treasury guidance and recommendations.

*Admiral Sir Peter Abbott GBE KCB*  
On behalf of the Board of Trustees  
11 July 2008

*Dr Colin White*  
Accounting Officer  
11 July 2008

# The Certificate and Report of The Comptroller and Auditor General to The Houses of Parliament

I certify that I have audited the financial statements of the Royal Naval Museum for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Board of Trustees, the Director and Auditor

The Board of Trustees and the Director as Accounting Officer are responsible for preparing the Trustees Report, the Remuneration Report and the financial statements in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence and for ensuring the regularity of financial transactions funded by Parliamentary grant (grant-in-aid). These responsibilities are set out in the Statement of Board of Trustees' and the Director's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence. I report to you whether, in my opinion, certain information given in the Trustees Report, which includes the financial review, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Royal Naval Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Royal Naval Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Royal Naval Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees Report, which includes the financial review, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Royal Naval Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence, of the state of the Royal Naval Museum's and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence; and
- information which comprises the financial review included within the Trustees Report is consistent with the financial statements.

### Opinion on regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

*T J Burr*  
Comptroller and Auditor General

16 July 2008

National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

## Statement of Financial Activities for the year ended 31 March 2008

	Notes	Unrestricted funds £	Grant in Aid £	Other restricted £	2008 Total £	2007 Total £
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Grant in Aid (operating)	2	0	854,111	0	<b>854,111</b>	877,502
Grant in Aid (purchases)	2	0	18,449	0	<b>18,449</b>	18,000
Other donations and grants	2	46,528	1,381	241,891	<b>289,800</b>	499,556
Legacies	3	1,005	0	0	<b>1,005</b>	22,875
<b>Incoming resources from charitable activities</b>						
Admissions		328,248	0	0	<b>328,248</b>	319,625
Income of Trading Companies and share of Joint Venture	4	728,963	0	0	<b>728,963</b>	679,762
Income from investments	5	8,975	0	0	<b>8,975</b>	9,855
Other incoming resources	6	53,441	3,137	0	<b>56,578</b>	43,222
<b>Total incoming resources</b>		1,167,160	877,078	241,891	<b>2,286,129</b>	2,470,397
Deduct share of Joint Venture Income		(385,709)	0	0	<b>(385,709)</b>	(329,270)
		781,451	877,078	241,891	<b>1,900,420</b>	2,141,127
<b>Resources expended</b>						
Fundraising and publicity	7	(69,534)	(8,107)	(3,321)	<b>(80,962)</b>	(93,084)
Expenses of Trading Companies	4	(345,572)	0	0	<b>(345,572)</b>	(337,996)
<b>Charitable activities</b>						
Museum and visitor operations	9	(172,422)	(1,095,209)	(429,301)	<b>(1,696,932)</b>	(1,550,964)
<b>Governance costs</b>	10	(44,494)	(33,358)	0	<b>(77,852)</b>	(68,972)
Notional charges		0	(10,653)	0	<b>(10,653)</b>	(13,512)
<b>Total resources expended</b>		(632,022)	(1,147,327)	(432,622)	<b>(2,211,971)</b>	(2,064,528)
<b>Net incoming/(outgoing) resources before transfers</b>						
		149,429	(270,249)	(190,731)	<b>(311,551)</b>	76,599
Transfers between funds		(30,107)	0	30,107	<b>0</b>	0
Adjustment for notional charges		0	10,653	0	<b>10,653</b>	13,512
<b>Net incoming/(outgoing) resources before gains and losses on revaluations and disposals</b>						
		119,322	(259,596)	(160,624)	<b>(300,898)</b>	90,111
<b>Other recognised gains and losses</b>						
<i>Realised gains/(losses)</i>						
Net gain on sale of investments		55	0	0	<b>55</b>	0
Share of results of Joint Venture		(1,080)	0	0	<b>(1,080)</b>	(9,509)
<i>Unrealised gains/(losses)</i>						
Revaluation of fixed assets		3,133	5,991	606,302	<b>615,426</b>	118,025
Revaluation of investments		5,983	0	0	<b>5,983</b>	(2,110)
<b>Net movement in funds</b>		127,413	(253,605)	445,678	<b>319,486</b>	196,517
Total funds brought forward		502,030	431,175	3,397,003	<b>4,330,208</b>	4,133,691
<b>Total funds carried forward</b>		629,443	177,570	3,842,681	<b>4,649,694</b>	4,330,208

All recognised gains and losses are included in the statement of financial activities

All transactions are derived from continuing activities

The notes on pages 23 to 36 form an integral part of these financial statements.

## Balance Sheet – Consolidated as at 31 March 2008

	Notes	2008		2007	
		£	£	£	£
Tangible assets	12		<b>3,901,311</b>		3,308,233
Heritage assets	12		<b>67,921</b>		52,597
Investments	13		<b>155,212</b>		239,874
Investment in Joint Venture					
Share of gross assets			<b>77,831</b>		69,038
Share of gross liabilities			<b>(63,834)</b>		(53,961)
			<b>13,997</b>		15,077
			<b>4,138,441</b>		3,615,781
<b>Current assets</b>					
Stocks	14		<b>66,478</b>		83,785
Debtors	15		<b>166,303</b>		145,355
Cash at bank and in hand	16		<b>439,063</b>		598,092
			<b>671,844</b>		827,232
<b>Creditors: amounts falling due within one year</b>	17		<b>(160,591)</b>		(112,805)
<b>Net current assets</b>			<b>511,253</b>		714,427
<b>Net assets</b>			<b>4,649,694</b>		4,330,208
<b>Funds</b>					
Unrestricted funds			<b>526,105</b>		381,974
<i>Restricted funds</i>	18				
Grant in Aid (operating)			<b>70,913</b>		340,943
Grant in Aid (purchases)			<b>106,657</b>		90,232
Other restricted funds			<b>3,842,681</b>		3,397,003
Non charitable trading funds			<b>103,338</b>		120,056
			<b>4,649,694</b>		4,330,208

The financial statements were approved by the Trustees on 11 July 2008 and signed on its behalf by

*Admiral Sir Peter Abbott GBE KCB*  
On behalf of the Board of Trustees

*Dr Colin White*  
Accounting Officer

*The notes on pages 23 to 36 form an integral part of these financial statements.*

## Balance Sheet as at 31 March 2008

	Notes	2008		2007	
		£	£	£	£
Tangible assets	12		<b>3,881,571</b>		3,287,413
Heritage assets	12		<b>67,921</b>		52,597
Investments	13		<b>155,214</b>		239,876
			<b>4,104,706</b>		3,579,886
<b>Current assets</b>					
Debtors	15	<b>152,965</b>		119,575	
Cash at bank and in hand	16	<b>415,474</b>		557,490	
			<b>568,439</b>		677,065
<b>Creditors: amounts falling due within one year</b>	17	<b>(140,786)</b>		(61,876)	
<b>Net current assets</b>			<b>427,653</b>		615,189
<b>Net assets</b>			<b>4,532,359</b>		4,195,075
<b>Funds</b>					
Unrestricted funds			<b>512,108</b>		366,897
<i>Restricted funds</i>	18				
Grant in Aid (operating)			<b>70,913</b>		340,943
Grant in Aid (purchases)			<b>106,657</b>		90,232
Other restricted funds			<b>3,842,681</b>		3,397,003
			<b>4,532,359</b>		4,195,075

The financial statements were approved by the Trustees on 11 July 2008 and signed on its behalf by

*Admiral Sir Peter Abbott GBE KCB*  
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*Dr Colin White*  
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## Cash Flow Statement for the year ended 31 March 2008

	Notes	Non-public funds £	Restricted Grant in Aid £	Charity funds 2008 £	Group 2008 £	Group 2007 £
<b>Net cashflow/(outflow) from operating activities</b>		105,500	(220,869)	<b>(115,369)</b>	<b>(129,097)</b>	71,204
<b>Return on investments and servicing of finance</b>						
Bank interest received		29,666	0	<b>29,666</b>	<b>30,282</b>	24,146
Dividends received		8,975	0	<b>8,975</b>	<b>8,975</b>	8,642
<b>Capital expenditure and financial investment</b>						
Purchase of fixed assets		(134,544)	(21,444)	<b>(155,988)</b>	<b>(160,175)</b>	(78,275)
Purchase of investments		0	0	<b>0</b>	<b>0</b>	0
Sale of fixed assets		0	0	<b>0</b>	<b>287</b>	176
Sale of investments		90,700	0	<b>90,700</b>	<b>90,700</b>	0
<b>Increase/(decrease) in cash</b>		100,297	(242,313)	<b>(142,016)</b>	<b>(159,028)</b>	25,893
Opening cash balances		272,849	284,641	<b>557,490</b>	<b>598,092</b>	572,199
Closing cash balances	16	373,146	42,328	<b>415,474</b>	<b>439,064</b>	598,092
<b>Reconciliation of changes in resources to net cashflow from operating activities</b>						
Net incoming/(outgoing) resources for year		(24,584)	(259,596)	<b>(284,180)</b>	<b>(300,898)</b>	90,111
Depreciation	12	156,127	5,686	<b>161,813</b>	<b>166,794</b>	136,785
Disposal of fixed assets		119	0	<b>119</b>	<b>119</b>	0
Investment income and interest received		(38,641)	0	<b>(38,641)</b>	<b>(39,257)</b>	(32,788)
Increase/(decrease) in creditors	17	75,016	3,894	<b>78,910</b>	<b>47,786</b>	42,793
Increase/(decrease) in provisions		0	0	<b>0</b>	<b>0</b>	(89,973)
(Increase)/decrease in stocks	14	0	0	<b>0</b>	<b>17,307</b>	13,081
(Increase)/decrease in debtors	15	(62,537)	29,147	<b>(33,390)</b>	<b>(20,948)</b>	(88,805)
<b>Net cash inflow/(outflow) from operating activities</b>		105,500	(220,869)	<b>(115,369)</b>	<b>(129,097)</b>	71,204

The notes on pages 23 to 36 form an integral part of these financial statements.

# Notes to the financial statements for the year ended 31 March 2008

## 1 Accounting policies

### 1.1 Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice: Accounting and reporting by Charities issued in 2005 and guidance issued by HM Treasury.

The financial statements are prepared under the historical cost convention modified to include fixed assets at their value to the business by reference to current costs.

Consolidated financial statements have been prepared in respect of the charitable trust, its wholly owned subsidiaries, The Royal Naval Museum Trading Company Limited and RNM Functions Limited and its Joint Venture, Flagship Portsmouth Trust. The Consolidated Statement of Financial Activities includes the results of the Royal Naval Museum Trading Company Limited, RNM Functions Limited and the Royal Naval Museum's share of the results of Flagship Portsmouth Trust as single line items. The consolidated balance sheet includes the net assets of The Royal Naval Museum Trading Company Limited and RNM Functions Limited, on a line by line basis and the Royal Naval Museum's share of the net assets of Flagship Portsmouth Trust as an item within Fixed Asset Investments.

### 1.2 Incoming resources

Voluntary income and donations are accounted for as received by the charity. No permanent endowments have been received in the year.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

### 1.3 Improvements to property

Improvements to property with a cost or value greater than £750 and a useful economic life greater than one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Improvements to property are depreciated over the lease term of the buildings, which expires in 2085.

### 1.4 Fixtures and fittings

Fixtures and fittings with a cost or value greater than £750 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Fixtures and fittings are depreciated over their expected useful lives of twenty years.

### 1.5 Computer and office equipment

Computer and office equipment with a cost or value greater than £750 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Computer and office equipment are depreciated over their expected useful lives, which range from four to ten years.

### 1.6 Assets held by Royal Naval Museum Trading Company Limited

The tangible fixed assets of the Royal Naval Museum Trading Company Limited are stated in the Museum's group accounts at historic cost less accumulated depreciation. Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows

Property Improvements	–	straight line over the lease term
Fixtures and Fittings	–	20 per cent on reducing balance
Office Equipment	–	20 per cent on reducing balance

### 1.7 Basis of allocation

Cost of generating funds comprises of costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Royal Naval Museum as a visitor attraction.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Charitable expenditure includes expenditure associated with Collections and Exhibitions, Curatorial matters and Education and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred in the following percentages

	%
Collections and Exhibitions	70
Curatorial	25
Education	5
	<u>100</u>

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources or the floor space occupied, as applicable.

### 1.8 Grants receivable

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

### 1.9 Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

### 1.10 Notional charges

In accordance with Treasury guidance notional interest is charged to the Statement of Financial Activities at 3.5 per cent of the average cost of capital employed.

This notional charge is not an actual cost to the Museum and a corresponding credit entry is also reflected on the Statement of Financial Activities.

### 1.11 Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

### 1.12. Investments

Investments are revalued at the market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

### 1.13. Stock

Stocks are valued at the lower of cost, (or at net current replacement cost, if materially different), and net realisable value after making due allowance for obsolescence and slow moving items.

### 1.14 Heritage assets

Artefacts held in trust together with photographs, books and a reserve collection have not been included in the financial statements due to their historic nature, covering the history of the Royal Navy.

The Museum currently holds 'in trust for the Nation' a wide variety of artefacts both on display and in reserve. By area of expertise, numbers held are

Manuscripts	20,000
Library	12,000
Oral History	450
Fine Art	3,600
Photographs	100,000
Models	763
Artefacts	1,781
Ceramics	507
Uniform	1,869
Insignia (uniform badges)	3,218
Silver	136
Weapons	272
Flags	160
Ship Hardware	1,340
Medals	5,122
Instruments (i.e. Navigation)	140
Steam Pinnacle	1

The catalogue of the Oral History and Manuscripts have been published and are available on request (charged). The catalogue for the Library is available to any Reader that uses the Library facilities (by appointment). Plans to make all of the Collections available on line will continue to be implemented into 2009-2010.

With effect from 1 April 2001, additions to the collection with a cost in excess of £750, have been capitalised. In accordance with Guidelines issued by HM Treasury these assets are not revalued or depreciated.

### 1.15 Pensions

Museum staff are covered either by the provisions of the Principal Civil Service Pension Scheme, which provides benefits based on final pensionable pay, or by a group money purchase pension scheme, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. The pension cost charged to the Statement of Financial Activities is represented by the contributions payable under the PCSPS to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2007-2008 were as follows

Non-industrial staff	%
Band one – £19,500 and under	17.1
Band two – £19,501 – £39,000	19.5
Band three – £39,001 – £66,500	23.2
Band four – £66,501 and over	25.5

The PCSPS is an unfunded multi employer defined benefit scheme but the Royal Naval Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservicepensions.gov.uk](http://www.civilservicepensions.gov.uk)).

For 2007-2008, employers' contributions of £35,812 were payable to the PCSPS (2006-2007 £40,001) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The group scheme is a defined contribution scheme with contributions fixed at 9 per cent of gross pensionable pay for the year. During the year contributions totalling £68,236 (2006-2007 £56,936) were paid into the scheme. There were no outstanding or prepaid contributions at the balance sheet date.

### 1.16. Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the end of the month preceding the transaction. Exchange differences are taken into account in arriving at the net incoming/ (outgoing) resources.

## 2 Grants and donations received

During the year the following grants and donations were received

Grants received from Ministry of Defence Vote, Request for Resources R1

	2008	2007
	£	£
Operations	<b>854,111</b>	877,502
Purchase of Exhibits	<b>18,449</b>	18,000
	<b><u>872,560</u></b>	<u>895,502</u>

## Other grants and donations

	Unrestricted funds £	Restricted Grant in Aid £	Restricted other funds £	<b>Total 2008 £</b>	Total 2007 £
H B Allen Charitable Trust	10,000	0	0	<b>10,000</b>	10,000
BAE Systems	0	0	0	<b>0</b>	80,000
Chemring	0	0	0	<b>0</b>	10,000
HLF Grants	0	0	230,793	<b>230,793</b>	299,135
EDS	0	0	5,000	<b>5,000</b>	0
Miscellaneous donations and grants	26,098	1,381	6,098	<b>33,577</b>	17,121
Fisher Foundation	0	0	0	<b>0</b>	10,000
Fleet Services	0	0	0	<b>0</b>	1,000
Dennis Curry Charitable Trust	5,000	0	0	<b>5,000</b>	0
Lissimore	0	0	0	<b>0</b>	1,050
Lockheed Martin	0	0	0	<b>0</b>	5,000
Erand Foundation	0	0	0	<b>0</b>	15,000
Mrs Lee McGill	5,430	0	0	<b>5,430</b>	0
Amicus	0	0	0	<b>0</b>	6,000
The Ministry of Defence	0	0	0	<b>0</b>	25,000
Redfern Charitable Foundation	0	0	0	<b>0</b>	5,000
Rockware	0	0	0	<b>0</b>	2,000
Rowett Jones	0	0	0	<b>0</b>	1,000
SOF	0	0	0	<b>0</b>	1,250
Ultra Electronics	0	0	0	<b>0</b>	1,000
Vosper Thornycroft	0	0	0	<b>0</b>	10,000
	<u>46,528</u>	<u>1,381</u>	<u>241,891</u>	<b><u>289,800</u></b>	<u>499,556</u>

**3 Legacies**

	Unrestricted funds £	<b>2008 £</b>	2007 £
Commodore White	0	<b>0</b>	21,875
Commodore Morton	0	<b>0</b>	1,000
Mr P Kratz	1,005	<b>1,005</b>	0
	<u>1,005</u>	<b><u>1,005</u></b>	<u>22,875</u>

#### 4 Income and expenses from trading activities of subsidiaries

##### Summary of income and expenditure

	Notes	2008 £	2007 £
<b>Income</b>			
Royal Naval Museum Trading Company Limited		<b>302,650</b>	304,063
RNM Functions Limited		<b>40,604</b>	26,062
Flagship Portsmouth Trust	25	<b>385,709</b>	329,270
		<b>728,963</b>	659,395
<b>Expenditure</b>			
Royal Naval Museum Trading Company Limited		<b>319,406</b>	324,763
RNM Functions Limited		<b>26,166</b>	13,233
		<b>345,572</b>	337,996
Flagship Portsmouth Trust	25	<b>386,789</b>	338,779
		<b>732,361</b>	676,775

##### Royal Naval Museum Trading Company Limited

The charity controls the Royal Naval Museum Trading Company Limited, (RNMTTC), a company limited by guarantee incorporated in England and Wales. RNMTTC operates a souvenir shop within the Museum. At the discretion of its directors, RNMTTC distributes its net profit amongst the Museum and The Society for Nautical Research, retaining the balance.

A summary of its trading results is shown below

	2008 £	2007 £
Turnover	<b>302,280</b>	303,442
Cost of sales	<b>(161,382)</b>	(157,916)
Gross Profit	<b>140,898</b>	145,526
Administration	<b>(158,024)</b>	(163,361)
Interest payable	<b>0</b>	0
Other income	<b>370</b>	621
Net profit / (loss)	<b>(16,756)</b>	(17,214)
Tax on ordinary activities	<b>0</b>	(3,486)
Available for distribution	<b>(16,756)</b>	(20,700)
Distributed to other charities	<b>0</b>	0
Net profit / (loss) after distribution to other charities	<b>(16,756)</b>	(20,700)
Amount gifted to Royal Naval Museum	<b>0</b>	0
Retained in Subsidiary	<b>(16,756)</b>	(20,700)

##### RNM Functions Limited

RNM Functions Limited, a company limited by shares, incorporated in England and Wales, is a wholly owned subsidiary of the charity and, at the discretion of the directors, distributes its net profit to the Museum.

A summary of its trading results is shown below

	<b>2008</b>	2007
	<b>£</b>	£
Turnover	<b>40,604</b>	26,062
Expenditure	<b>(26,166)</b>	(13,233)
Net profit	<b>14,438</b>	12,829
Tax on ordinary activities	<b>0</b>	0
	<b>14,438</b>	12,829
Amount gifted to Royal Naval Museum	<b>(14,400)</b>	(12,750)
Retained in Subsidiary	<b>38</b>	79

## 5 Investment income

	Unrestricted funds	<b>2008</b>	2007
	£	<b>£</b>	£
Dividends received	8,975	<b>8,975</b>	9,855
	<u>8,975</u>	<u><b>8,975</b></u>	<u>9,855</u>

## 6 Other incoming resources

	Unrestricted funds	Grant in Aid	Restricted funds	<b>2008</b>	2007
	£	£	£	<b>£</b>	£
Sundry Income	53,441	3,137	0	<b>56,578</b>	43,222
	<u>53,441</u>	<u>3,137</u>	<u>0</u>	<u><b>56,578</b></u>	<u>43,222</u>

## 7 Cost of generating funds

	Fund raising and publicity	<b>2008</b>	2007
	£	<b>£</b>	£
Staff costs	59,842	<b>59,842</b>	57,666
Rent, rates and service charge	6,497	<b>6,497</b>	15,775
Operating costs	11,195	<b>11,195</b>	15,524
Printing, postage and stationery	3,044	<b>3,044</b>	3,751
Telephone	384	<b>384</b>	368
	<u>80,962</u>	<u><b>80,962</b></u>	<u>93,084</u>



**8 Support costs**

	Museum & visitor centre operations £	Governance costs £	2008 £	2007 £
Staff costs	210,201	0	<b>210,201</b>	182,077
Premises costs	131,353	12,994	<b>144,347</b>	144,193
Education	4,646	0	<b>4,646</b>	5,553
Printing, postage and stationery	9,134	5,173	<b>14,307</b>	15,005
Telephone	769	384	<b>1,153</b>	1,104
Travelling	11,088	0	<b>11,088</b>	5,761
Entertaining	4,778	0	<b>4,778</b>	6,646
Consultancy	5,670	0	<b>5,670</b>	6,278
Bank charges and interest	1,522	0	<b>1,522</b>	1,518
Health and safety	9,155	0	<b>9,155</b>	4,736
Sundry expenses	21,545	0	<b>21,545</b>	18,767
Subscriptions	4,399	0	<b>4,399</b>	3,984
	<u>414,260</u>	<u>18,551</u>	<b><u>432,811</u></b>	<u>395,622</u>

**9 Costs of activities in furtherance of the objects of the charity**

	Education £	Curatorial £	Collections and exhibitions £	Sea Your History £	2008 £	2007 £
Staff costs	37,342	149,366	560,122	146,879	<b>893,709</b>	805,842
Other staff costs	389	1,554	5,828	499	<b>8,270</b>	6,900
Site costs	4,930	19,719	73,947	0	<b>98,596</b>	83,816
Conservation	122	487	1,826	0	<b>2,435</b>	4,895
Curatorial	331	1,325	4,970	0	<b>6,626</b>	15,313
Purchase of exhibits	101	405	1,518	0	<b>2,024</b>	1,345
Temporary Exhibition Costs	0	0	0	51,167	<b>51,167</b>	88,679
Centenary project costs	0	0	47,408	0	<b>47,408</b>	0
Computer costs	525	2,101	7,879	0	<b>10,505</b>	28,933
Depreciation	8,091	32,362	121,360	0	<b>161,813</b>	132,049
Disposal of fixed assets	6	24	89	0	<b>119</b>	0
Support costs	20,713	82,852	310,695	0	<b>414,260</b>	383,192
	<u>72,550</u>	<u>290,195</u>	<u>1,135,642</u>	<u>198,545</u>	<b><u>1,696,932</u></b>	<u>1,550,964</u>

**10 Governance costs**

	2008 £	2007 £
Staff costs	<b>33,687</b>	29,850
Legal and professional	<b>3,364</b>	4,212
Job evaluation costs	<b>3,200</b>	0
Accountancy	<b>10,900</b>	14,330
Audit	<b>8,150</b>	8,150
Support costs	<b>18,551</b>	12,430
	<b><u>77,852</u></b>	<u>68,972</u>

**11 Total resources expended (charity only)**

	Staff costs £	Other costs £	Depreciation £	<b>Total 2008 £</b>	Total 2007 £
Charitable expenditure	1,112,181	422,938	161,813	<b>1,696,932</b>	1,550,964
Costs of generating funds	59,842	21,120	0	<b>80,962</b>	93,084
Governance costs	33,687	44,165	0	<b>77,852</b>	68,972
Notional charges	0	10,653	0	<b>10,653</b>	13,512
<b>Total</b>	<b>1,205,710</b>	<b>498,876</b>	<b>161,813</b>	<b>1,866,399</b>	<b>1,726,532</b>

	<b>2008 £</b>	2007 £
Wages and salaries	<b>1,006,897</b>	968,258
Social security costs	<b>94,765</b>	92,295
Pension costs	<b>104,048</b>	104,855
Less: provision released	<b>0</b>	(89,973)
	<b>1,205,710</b>	<b>1,075,435</b>

Including the director, the number of employees earning £60,000 per annum or more, excluding pension contributions:

The average number of employees, analysed by function, was

	<b>2008</b>	2007
Costs of generating funds	<b>1</b>	1
Charitable expenditure	<b>33</b>	35
Governance costs	<b>5</b>	3
	<b>39</b>	<b>39</b>

The Director, C White, had a basic salary during the year ended 31 March 2008 of £63,165 per annum. The director is aged 56, his pension (net of inflation) increased by £2,558 in the year, with his total accrued pension now being £26,055 as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2008 was £587,000.

No Trustees received remuneration during the year (2007: NIL). Two trustees were reimbursed for travel expenses totalling £802 (2007: £252).

**12 Tangible fixed assets - Charity**

	Improvements to property £	Computer and office equipment £	Fixtures, and fittings £	Heritage assets £	Total £
<b>Cost or valuation</b>					
At 1 April 2007	2,400,760	1,186,303	3,062,493	52,597	6,702,153
Additions	0	120,801	19,863	15,324	155,988
Revaluation	55,698	540,132	68,765	0	664,595
Disposals	0	(36,176)	(976)	0	(37,152)
<b>At 31 March 2008</b>	<b>2,456,458</b>	<b>1,811,060</b>	<b>3,150,145</b>	<b>67,921</b>	<b>7,485,584</b>
<b>Depreciation</b>					
At 1 April 2007	223,900	1,093,074	2,045,169	0	3,362,143
Revaluation	5,195	772	43,202	0	49,169
On disposals	0	(36,176)	(857)	0	(37,033)
Charge for the year	28,924	41,643	91,246	0	161,813
<b>At 31 March 2008</b>	<b>258,019</b>	<b>1,099,313</b>	<b>2,178,760</b>	<b>0</b>	<b>3,536,092</b>
<b>Net book values</b>					
<b>At 31 March 2008</b>	<b>2,198,439</b>	<b>711,747</b>	<b>971,385</b>	<b>67,921</b>	<b>3,949,492</b>
At 31 March 2007	2,176,860	93,229	1,017,324	52,597	3,340,010

**12 Tangible fixed assets - Group**

	Improvements to property £	Computer and office equipment £	Fixtures, and fittings £	Heritage assets £	Total £
<b>Cost or valuation</b>					
At 1 April 2007	2,412,402	1,186,303	3,185,596	52,597	6,836,898
Additions	0	120,801	24,050	15,324	160,175
Revaluation	55,698	540,132	68,765	0	664,595
Disposals	0	(36,176)	(3,698)	0	(39,874)
<b>At 31 March 2008</b>	<b>2,468,100</b>	<b>1,811,060</b>	<b>3,274,713</b>	<b>67,921</b>	<b>7,621,794</b>
<b>Depreciation</b>					
At 1 April 2007	235,542	1,093,074	2,147,452	0	3,476,068
Revaluation	5,195	772	43,202	0	49,169
On disposals	0	(36,176)	(3,293)	0	(39,469)
Charge for the year	28,924	41,643	96,227	0	166,794
<b>At 31 March 2008</b>	<b>269,661</b>	<b>1,099,313</b>	<b>2,283,588</b>	<b>0</b>	<b>3,652,562</b>
<b>Net book values</b>					
<b>At 31 March 2008</b>	<b>2,198,439</b>	<b>711,747</b>	<b>991,125</b>	<b>67,921</b>	<b>3,969,232</b>
At 31 March 2007	2,176,860	93,229	1,038,144	52,597	3,360,830

**13 Fixed asset investments**

	Charity Listed £	Unlisted £	Group Listed £	Unlisted £
Market value at 1 April 2008	239,874	2	239,874	0
Acquisitions at cost	0	0	0	0
Disposals at opening book value	(90,645)	0	(90,645)	0
Net unrealised gains / (losses)	5,983	0	5,983	0
<b>Market value at 31 March 2008</b>	<b>155,212</b>	<b>2</b>	<b>155,212</b>	<b>0</b>
<b>Historic cost at 31 March 2008</b>	<b>145,270</b>	<b>2</b>	<b>145,270</b>	<b>0</b>
Market value at 31 March 2007	239,874	2	239,874	0
Historic cost at 31 March 2007	238,840	2	238,840	0

All investments held are listed on the United Kingdom Stock Exchange. All investment income is generated from listed investments.

Unlisted investments represent 100 per cent of the issued share capital of RNM Functions Limited.

**14 Stocks**

	Charity £	2008 Group £	Charity £	2007 Group £
The amounts attributable to the different categories are as follows				
Goods For Resale	0	66,478	0	83,785
	0	66,478	0	83,785

**15 Debtors**

	Charity £	2008 Group £	Charity £	2007 Group £
<b>Amounts falling due within one year</b>				
Trade debtors	5,256	8,104	896	2,448
Other debtors	4,040	6,864	3,384	6,023
Prepayments and accrued income	122,732	130,398	100,880	122,100
VAT	20,937	20,937	14,415	14,784
	152,965	166,303	119,575	145,355

**16 Cash at bank and in hand**

	<b>2008</b>	2007
	<b>£</b>	£
Non-public funds	<b>373,146</b>	272,849
<i>Public funds</i>		
Grant in Aid (operating)	<b>0</b>	241,741
Grant in Aid (purchases)	<b>42,328</b>	42,900
Total – public funds	<b>42,328</b>	284,641
Cash at bank and in hand – Charity	<b>415,474</b>	557,490
Trading subsidiaries	<b>23,589</b>	40,602
Cash at bank and in hand – Group	<b>439,063</b>	598,092

For the purposes of the Cash Flow Statement, cash at bank and in hand comprises

	<b>£</b>	£
Cash	<b>439,063</b>	598,092
Liquid resources	<b>0</b>	0
	<b>439,063</b>	598,092

**17 Creditors: amounts falling due within one year**

	<b>2008</b>	<b>Group</b>	2007	<b>Group</b>
	<b>Charity</b>	<b>£</b>	Charity	£
	<b>£</b>	<b>£</b>	£	£
Trade creditors	<b>83,852</b>	<b>91,945</b>	32,885	60,381
Other taxes and social security	<b>0</b>	<b>2,410</b>	0	2,507
Other creditors	<b>2,564</b>	<b>6,324</b>	0	1,656
Accruals	<b>54,370</b>	<b>59,912</b>	28,991	48,261
	<b>140,786</b>	<b>160,591</b>	61,876	112,805

**18 Restricted funds**

	1 April 2007	Incoming	Outgoing	Transfers	<b>31 March 2008</b>
	£	£	£	£	£
Reserves – Grant in Aid (operating)	340,943	864,620	(1,134,650)	0	<b>70,913</b>
Reserves – Grant in Aid (purchases)	90,232	18,449	(2,024)	0	<b>106,657</b>
Reserves – Other restricted reserves	3,397,003	848,193	(432,622)	30,107	<b>3,842,681</b>
	<b>3,828,178</b>	<b>1,731,262</b>	<b>(1,569,296)</b>	<b>30,107</b>	<b>4,020,251</b>

The Museum receives Grant in Aid funding from the Ministry of Defence as a contribution towards operating costs.

In 2000, the Museum completed phase 1 of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development Project Fund shown represent the income raised by donations and grants from the National Heritage Memorial fund and other organisations, less the revenue expenditure incurred up to the balance sheet date.

**19 Analysis of net assets between funds**

	Tangible fixed assets £	investments £	Net current Assets £	<b>Total £</b>
<b>Restricted funds</b>				
Grant in Aid (operating)	101,383	0	(30,470)	<b>70,913</b>
Grant in Aid (purchases)	64,329	0	42,328	<b>106,657</b>
Development Fund	3,662,307	24,071	156,303	<b>3,842,681</b>
	<u>3,828,019</u>	<u>24,071</u>	<u>168,161</u>	<u><b>4,020,251</b></u>
Unrestricted funds – Charity	121,473	131,143	259,492	<b>512,108</b>
	<u>3,949,492</u>	<u>155,214</u>	<u>427,653</u>	<u><b>4,532,359</b></u>
Share of joint venture net assets	6,482	0	7,515	<b>13,997</b>
Non charitable trading funds	19,739	(2)	83,601	<b>103,338</b>
	<u>3,975,713</u>	<u>155,212</u>	<u>518,769</u>	<u><b>4,649,694</b></u>

**20 Commitments and Contingent Liabilities**

The charity had no capital commitments or contingent liabilities at 31 March 2008 or at 31 March 2007.

**21 Other commitments**

The charity had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings 2008 £</b>	<b>Other 2008 £</b>	Land and buildings 2007 £	Other 2007 £
<b>Expiry date</b>				
Within one year	<b>0</b>	<b>0</b>	0	0
Between one and five years	<b>0</b>	<b>6,339</b>	0	8,610
In over five years	<b>51,685</b>	<b>0</b>	51,685	0
	<u><b>51,685</b></u>	<u><b>6,339</b></u>	<u>51,685</u>	<u>8,610</u>

**22 Taxation**

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiaries have a corporation tax debtor for the year of £2,637 (2007: £2,637).

**23 Post balance sheet events**

The accounts were authorised for issue on 11 July 2008 by the Accounting Officer.

**24 External performance indicators**

Ratio of self-generating income to GiA

Year	Self generated income £	Grant in Aid income £	Ratio	
2007-2008	683,205	872,560	1.28	Actual
2007-2008	383,527	873,000	2.28	Budget
2006-2007	872,258	895,502	1.03	Actual

## 25 Related party transactions

The Royal Naval Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid funding from the MoD is separately disclosed in the Statement of Financial Activities.

The Royal Naval Museum is a related party of Flagship Portsmouth Trust, a joint venture with Portsmouth Naval Base Property Trust, The Mary Rose Trust and The Warrior Preservation Trust Limited. Flagship Portsmouth is a company limited by guarantee, incorporated in England and Wales and a registered charity. In the consolidated financial statements, Flagship Portsmouth has been treated as a joint venture, in which the Museum has a 25 per cent interest.

A summary of draft Statement of Financial Activities is detailed below

### Statement of financial activities

	2008		2007	
	Museum share £	Total £	Museum share £	Total £
Incoming resources	<b>385,709</b>	<b>1,542,835</b>	329,270	1,317,080
Total resources expended	<b>(386,789)</b>	<b>(1,547,154)</b>	(338,779)	(1,355,117)
Net incoming/(outgoing) resources	<b>(1,080)</b>	<b>(4,319)</b>	(9,509)	(38,037)
Fund balances brought forward at 31 March 2007	<b>15,077</b>	<b>60,305</b>	24,586	98,342
Fund balances carried forward at 31 March 2008	<b>13,997</b>	<b>55,986</b>	15,077	60,305

### Balance Sheet

	£	£	£	£
Tangible fixed assets	<b>6,482</b>	<b>25,929</b>	10,326	41,304
Current assets	<b>71,349</b>	<b>285,394</b>	58,712	234,847
Current liabilities	<b>(63,834)</b>	<b>(255,337)</b>	(53,961)	(215,846)
Net current assets	<b>7,515</b>	<b>30,057</b>	4,751	19,001
Net assets	<b>13,997</b>	<b>55,986</b>	15,077	60,305
General unrestricted funds	<b>13,997</b>	<b>55,986</b>	15,077	60,305

Flagship Portsmouth Trust is responsible for the collection and distribution of ticketing income for the four members. The total admission income distributed in the year is disclosed in the Statement of Financial Activities.

The Royal Naval Museum is charged a levy by Flagship Portsmouth Trust. During the year this totalled £98,596 and is included in Site costs shown in note 9.

The Royal Naval Museum is a related party of the Society of Friends of the Royal Naval Museum. During the year the society donated a total of £NIL (2007 £NIL) to the Museum.

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